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diminished to 910 products per hour, on the average. Still at this rate a complete set of D numbers for Two Joint Lives of Males or Females, or these combined, could be written down in less than six hours.

Eighth Annual Report of the Superintendent of the Insurance Department—State of New York.

ALTHOUGH the general principles upon which the business of Insurance is based, must be the same wherever it is carried on ; yet its particular developments must of necessity vary in countries under different laws, and with a public opinion differently educated. An investigation therefore of the book before us, with the view of pointing out those points wherein the practice of our Trans-Atlantic Brethren differs from ours, may not be without advantage to the interests of Insurance in this country.

The first point which attracts our attention, is the public advantage which results in the United States, from the publication in one volume by an accredited State Officer of the accounts of all the different Insurance Companies doing business in the State. In this way is obtained a clear comparative view of the working of each, and the improvements of some Offices and the shortcomings of others are authoritatively submitted to the public gaze ; and thus no doubt a great check is given to the founding of bubble Companies, and to the continued existence of those reared upon an insufficient basis.

The appointment of a Government Inspector with power to order Insurance Companies to publish Balance Sheets, may appear at first sight an undue infringement of the liberty of the subject, and an interference with the freedom of trade ; but we think it will appear upon investigation that such an appointment in this country with suitable limitations would be productive of much good, and tend greatly to the protection of the public. There might, it is true, be instances where the compulsory publication of accounts would injure and perhaps destroy companies recently founded, which otherwise might have struggled on for years with a greater or less degree of vitality ; but we think that the good effects would immensely preponderate. We are of opinion, however, that the functions of such an Officer should be strictly limited to obtaining and making public a true statement of the business transactions and the financial position of each Company.

The Report now under review treats Insurance under four heads—1st Fire, 2nd Marine, 3rd Life, and 4thly Casualty.

Under the head of Fire Insurance the Superintendent remarks that "It is undoubtedly true that of late years the causes of spontaneous combustion have increased, and that the multitude of modern business transactions, necessitating frequent changes and confined storage of goods, has operated to increase the destruction of property. Doubtless, also, we are paying an avoidable part of our patriotic Debt in the demoralization which necessarily results, more or less, from every great and sanguinary war. It is also stated that our modern methods and plans of building gravely increase the hazards of fire. The losses are becoming so alarming that it has been suggested whether the total abolition of all Fire Insurance might not prove to be a national blessing." Further on, he says "The average loss for seven years on Fire risks written, has been 44.72 per cent, and the average percentage of losses to premiums, 62.51 per cent. The oscillations of loss however from this average, in different years, are fearful, and when the much heavier oscillations of individual companies in various years are taken into consideration, all satisfactory conclusions as to the future 'mortality' of insured property are demonstrated to be unscientific, delusive and uncertain. Hence the Superintendent again begs leave to urge upon all companies, however apparently strong and impregnable, the immediate establishment of an extraordinary Reserve Fund, in addition to the usual re-insurance fund, for the purpose of meeting those contingencies of the business which are now seemingly so certain as to be almost considered ordinary in the lapse of a single decennium."

It appears that no new Joint-Stock Fire Insurance Company was organised in the state of New York in 1866, that only two Fire Insurance Companies have increased their Capitals in that period and that after formal "special examinations"—"Requisitions or Calls" have been made upon the Stockholders of 6 Companies whose capitals have been impaired by heavy losses since the last Report. The Superintendent states that "The statute in such cases does not give any right of action in favor of the Company against the stockholder personally to collect the amount of deficiency on his stock; the stockholder can be compelled only to surrender the deficient stock and take out new scrip or a stock certificate for his proportion of the remaining Capital; the deficiency can thus be thrown back upon the corporation, and is

“ represented by new stock for sale at par, and which when thus
“ sold will repair the capital stock to an actual par value, besides
“ the good will of the business not included of course in the balance
“ sheet of Assets and Liabilities. But if through a general depres-
“ sion in the value of Fire Insurance stocks or for other causes,
“ this new stock cannot be sold at par, either the corporation must
“ be reported to the Attorney-General for dissolution, or its Capital
“ must be decreased to accord with its actual Assets. . . . The
“ Superintendent therefore reluctantly recommended the passage
“ of a general statute allowing a reduction of the capitals of Fire
“ Insurance Companies, in certain cases, not below the minimum
“ fixed for the organization of new corporations.”

This appears to us a most proper regulation; and one that might with advantage be adopted in this country. Is it not, indeed, a fraud for a Company which has lost a large proportion of its paid-up capital to hold itself out to the public as possessing a paid-up capital of the original amount? This being admitted, it cannot be questioned that one of the most proper functions of every government is the detection and punishment of frauds of all kinds.

Then follow particulars of the different ways in which the six Companies propose to meet the Requisitions. We have next a list of 33 Companies whose capitals are more or less impaired; of 10 whose capitals—impaired at the date of the last Report—have been since “ repaired,” and of 71 Companies which have their capitals intact, and exhibit surpluses of various magnitudes. It appears that six Companies have discontinued business during the year, and “ are closing up their affairs.” A number of tables are then given exhibiting the comparative standing of the 108 Companies doing business according to (1) the amount of paid up capital, (2) the amount of the assets, (3) the amount of the annual “ net cash premiums,” (4) the percentage of assets to risks, (5) the percentage of losses to net cash premiums. Under the last head, we note that one Company exhibits losses amounting to 232 per cent of the premiums; 11 Companies have losses exceeding 100 per cent of the premiums, and the average of the whole losses to premiums is 76 per cent.

With regard to the Mutual Fire Insurance Companies, it appears that only nine of these Corporations were remaining in business on the 31st December, 1866, and that “ The average loss
“ of the Mutual companies on the cash premiums received, is not
“ much more than half that incurred by Stock companies during

“ the year ; a result owing undoubtedly to the safer character of
“ the risks, which are generally on dwellings and farm property,
“ and also to the personal supervision which the officers are able
“ to give to their risks.”

The Superintendent then gives a list of the Fire Insurance Companies of other States which have been authorized to transact business in the State of New York during the year 1867, and to whom the usual renewal or other certificates of authority have been issued to their New York State Agencies. This Statement further shows the hold which the Government has over these Companies, as in the event of the Capital of a Company being impaired beyond a certain extent, the Certificate is either at once revoked or not renewed at the expiration of the year.

The Capitals of three Fire Insurance Companies of other States have been increased during the year 1866 ; the addition to the capital of one was made from accumulations, the two others made their additions by new subscriptions to Capital Stock, which were paid up in Cash.

Upon a complete review of this branch of the subject, the Superintendent concludes with the following encouraging remark. “ The New York State Companies have more than trebled their
“ premiums in five years (1862–1866). This fact, although
“ coupled with another that the losses have increased in a still
“ larger ratio, indicates that by a more careful and thorough supervision of risks, and the adoption of other reforms, future success
“ and prosperity are attainable.”

With reference to Marine Insurance, which is much more of an uncertain character than the others—the Superintendent remarks that “ Both our Fire and Marine losses now verge upon national
“ calamities, requiring the deepest thought of the political economist and statesman. The present fearful percentage of loss is
“ too excessive, and must in some manner be reduced and not
“ merely covered by Insurance. It is often said that our Marine
“ Insurance interests scarcely affect any one except a few merchants and individuals in the city of New York ; primarily it
“ may be so, but ultimately the millions paid for Marine premiums
“ are indirectly taxed upon the whole body of the people of this
“ State, and to a considerable extent on the whole country, reaching
“ in some form almost every citizen of the Republic.” He considers that the amount of Capital at present required for the organization of a Marine Insurance Company is entirely too small, and recommends that “ at least \$500,000 capital should be required

“for the incorporation of a Marine Insurance Company in any part of the State.”

An attempt has been made to renew the old method of Insurance by means of individual underwriting as follows—“An unincorporated voluntary Association of about one hundred individual underwriters has been recently organized in the city of New York under the title of the ‘United States Lloyds,’ for the purpose of writing Marine risks to an amount not exceeding one thousand dollars for each member or firm on any one risk. The plan is for each member to pay in and maintain intact in the hands of an Advisory Committee the sum of one thousand dollars to meet losses, and to authorize Messrs Robinson & Cox, as their Attorneys, to underwrite risks and fix rates of premium in their discretion under the general advice and direction of the Advisory Committee.” But the Superintendent is not informed as to the practical working and results of this attempt.

We come now to the very important part of the Report referring to Life Insurance.

It appears that “The year 1866 has been the most fruitful year ever known in this State for the organization of Life Insurance Companies. Six Charters have been filed and five companies fully organized and incorporated, some of which have met with marked and unusual success.”

The following remarks appear to us to possess special interest, as going even beyond what has yet been attempted in this country. “Some of these companies have adopted new and peculiar modes of transacting business and attracting patronage, one (the Atlantic) reducing the rate of premium ten per cent to those who in cases of sickness are habitually treated upon the principles of the Homœopathic, as contra-distinguished from the Allopathic school of Medicine. Another Company the (American Popular) takes a wider hygienic range, and from all the physical and moral signs of longevity exhibited by an applicant, and the special law of family vitality, as deduced from ancestral tendencies, both in the direct and collateral relatives, essays to modify the general law of average expectation of human life as stated in the Table of Mortality, so as to accord with the special law governing the individual case, rating his expectation of life or assumed age up or down the scale of Table expectation, according to the particular quantum of his unexpended vital force.” The experience of this country gives no encouragement to such novelties as these; for whenever anything of the kind has been attempted, it has been invariably abandoned after a few years’ trial.

An act lately passed by the New York Legislature, permitting under certain conditions the "registration" of Policies appears deserving of consideration. The object and result will be best seen from the Superintendent's own words. "The Registry system combines the advantages of individual and corporate enterprise with governmental custody, supervision and guardianship of funds. The practice, however, not being compulsory on either policyholders or companies, must succeed if at all on its own intrinsic merits. In many localities not familiar with the status and standing of companies or of their officers, parties can sometimes effectuate their purposes more satisfactorily by the registration of their policies, thereby compelling a company to deposit, in addition to its general deposit of \$100,000 made by all companies, a further special amount equal at all times to the net present value or re-insurance fund of such policies." And again, "It will be noticed that the above Act is silent upon the subject of State liability to the policyholder. It is permissive, not imperative in its character, allowing any Life insurance company, duly authorized to make insurance on lives in this State, to deposit certain securities in the Insurance Department, to be held by the Superintendent, in trust, until the obligations of the depositing company, under its registered policies, shall be fully liquidated, cancelled or annulled. In this manner the State, through the Insurance department, becomes the custodian of the re-insurance fund of registered Life policies. The Superintendent does not understand that any technical or legal liability on the part of the State is created thereby, except faithfully and with ordinary care and diligence to perform the duties incident to its trust relations." The Superintendent further goes on to say that "An amendment to the general Registry Act for Life Insurance policies, limiting and restricting the securities to be deposited solely to Registered New York State stocks, would entirely eliminate all risk of loss on the part of the State, appreciate the market value of our stocks, and return them practically funded to our own vaults. The State could then, without any risk, become responsible for, or even guarantee the payment of registered Life policies and annuities. Under the present system of registration, although the State is not legally responsible for the payment of the registered policies, yet there is a moral responsibility attached to the trust which might, under certain circumstances, compel the Legislature to assume the payment of policies. The Superintendent, therefore,

“ respectfully recommends to your Honourable Body, an amendment of the Registry Act, limiting the deposits to New York State stocks, and then assuming the same State liability for registered policies in case of their non-payment by the company, as that contained in the Banking Act above cited, in reference to the payment or redemption of bank bills or circulating notes. Such a system well guarded and regulated would make a Life policy or annuity just as safe as the stocks of the State of New York, with no real liability on the part of the State except to pay its own State debt.”

The following remarks are important as showing how much more successfully the science of legislation is studied in New York than in this country. “Several applications having been made to the present Legislature by other companies for the passage of special Acts similar to that passed for the North America in 1866 (*Chap.* 576), and one Act having been passed this session for the Atlantic Mutual Life Insurance Company (*Chap.* 445, *Laws of* 1867), it was deemed expedient to abolish all special laws of this nature, and in accordance with our usual State policy to pass a general Act allowing all companies to register policies at their option.”

The Life Offices doing business in the State of New York are now required to furnish very full and detailed statements of their Liabilities, Income, and Expenditure. In reference to this the Superintendent remarks, “The business of Life Insurance was assuming such enormous proportions and national importance, that it was deemed necessary and conducive as well to its own preservation as to the public welfare that the companies should be subjected to more detailed analytic and exhaustive exhibits of their Assets and Liabilities, Income and Expenditures, and a more perfect *exposé* of their various modes of operation and that stricter surveillance which always accompanies publicity. Sunlight is not more conducive to healthy vegetable life than Publicity to corporate well-being. Probably no corporations in any country were ever subjected to such a complete disintegration of their internal mechanism and to so minute an inventory of Resources and Liabilities; but no corporations in any country were ever so trusted with the public confidence or ever reaped such princely and progressive Incomes, with liabilities payable mostly to the next generation.”

The magnitude of the American Life Offices far surpasses anything that this country can show. It appears thus to be a law of

nature that everything in the New World, whether in the realm of nature, or art, shall be on a larger scale than in the Old World. Mr. Barnes after remarking that the income from new premiums of two Companies only in this country—the Scottish Widows' and the Gresham—exceeds £40,000, adds that there are American Companies engaged in Life assurance business exclusively, whose income from *new* premiums is five-fold that of the "Scottish Widows' Fund" and "Gresham" combined. It seems doubtful whether the assured derive any advantage from the magnitude of the Offices; for the expenses of management appear to bear as large a proportion to the premiums as in England; if, indeed, the proportion be not larger.

A series of very interesting tables are given in the Report showing the progress during the last eight years of all the Life Offices doing business in the State; and it is impossible in this country to obtain statements at all approaching these in accuracy or fulness. It appears that on 31st Dec. 1866 there were 39 Offices only doing business, which had 305,390 policies in existence, insuring £173,021,175; the annual premiums amounting to £7,239,520; that the amount of the losses in 1866 was £1,284,734; and that the total amount of the assets was £18,317,406—the average amount of each policy being £566. On these figures we would remark that the average premium is much higher than in this country, and that the losses are very light—probably because of the recent selection of the majority of the lives assured.

It appears that in some Companies a portion of the assets consists of "premium notes," or, as we call them, "half credit premiums." The Superintendent thinks that in some instances the proportion these bear to the total assets is excessive, and he desires some legislation to cure the evil. He remarks "The usual practice of attempting to hold only enough assets in promissory notes to offset current dividends, has been flagrantly violated, and the pressure and competition for business is so sharp and reckless that the tendency to accumulate an excessive amount of premium note assets appears to be increasing with some Companies."

A still more objectionable practice prevails in some instances of reckoning among the assets the "commuted commissions" paid on existing policies.

We learn that it is proposed to establish an "American Chamber of Life Insurance"—an association of the officers and

actuaries of the various Life Insurance Companies in the United States "for consultation on the common interests of the business, "and for its general advancement and improvement in this "country, and also for initiating and maintaining intercourse with "learned foreign bodies of this nature." Mr. Barnes does not consider however that the era "has yet been reached which can "sustain a purely scientific association of Actuaries and mathematicians like the Institute of Actuaries"—to which he pays the following handsome tribute. "The American Life Insurance "interests, in common with those of the whole world, are greatly "indebted to the thorough and scientific labors of the Institutes "of Actuaries, both in London and Edinburgh; and no considerable portion of our own success has been the legitimate "fruit of their discussions and researches."

At the present time, when the "Life Policies Nomination Bill" is before Parliament, the following remarks of Mr. Barnes will, no doubt be read with interest. "The well being of the State and "its general prosperity would be promoted by a Constitutional "provision declaring that a whole life policy of insurance, with "equal annual premiums during life, for a sum not exceeding "ten thousand dollars, payable at death to the wife and children "of the insured, or any or either of them may, if so originally "declared in the policy, become and shall be exempt from the "claims of the husband's creditors."

Casualty Assurance Companies do not appear to flourish in the State of New York; for of the 4 already organized, one is preparing to surrender its present Charter; another has decided to discontinue business; the third has resolved to wind up its affairs as soon as possible; and the fourth has applied to the legislature for the privilege of engaging also in the business of Life Assurance. It appears however that another Company has been projected with a fair prospect of organisation.
